



May 22, 2012

Aaron Boros
Commissioner
Division of Health Care Finance and Policy
Executive Office of Health and Human Services
Two Boylston Street
Boston, MA 02116

Dear Commissioner Boros,

I am pleased to submit this testimony regarding health care costs and cost trends in the Commonwealth and the experiences of Whittier Street Health Center. Thank you for this opportunity to provide evidence from the community health center perspective regarding the Division of Health Care Finance and Policy's preliminary findings. Please find below our responses to Exhibit B.

Trends in Premiums and Costs

1. *After reviewing the preliminary reports, please provide commentary on any finding that differs from your organization's experience. Please explain the potential reasons for any differences.*

Whittier Street Health Center is a mid-size group and our experiences were similar to the mid-size group in the preliminary reports.

2. *What specific actions has your organization taken to reduce the cost of services? Please also describe what impact, if any, these strategies have had on service quality and patient outcomes. What current factors limit the ability of your organization to execute these strategies effectively?*

Whittier Street Health Center is a cost effective health center that has always maintained an operating margin by effectively managing costs. Over the last few years, the health center has added several administrative positions that are non-reimbursable, but critical in helping patients sign up for health insurance. The health center has also consistently shown clinical outcomes that rank higher than the national benchmarks for health centers and has done so by utilizing a patient centered team model that includes support staff for patients and providers. These lay staffs have helped to increase provider and patient satisfaction. They support patients with their self-management plans and in navigating the health system. The patient peer support staff and Community Health Workers referred to as Social Health Coordinators, Health Ambassadors and or Patient Navigators, while critical





for us to address the racial and ethnic disparities in health status and healthcare in the communities we serve, are non-reimbursable.

We have kept expenses low by keeping several administration positions open as a cost savings measure, but the burden of managing a growing health center with limited staffing is not sustainable in the future. In addition, we have modified our health insurance benefit plans and have also had to increase our contribution in order to remain competitive and recruit and retain the best talents.

On January 3, 2012 we transferred our operations from a leased space of 33,900 square feet to our brand new green building which is 79,800 square feet and located in the Roxbury neighborhood of Boston. This expanded capacity and resulting expense flow including non-capitalized debt service has had a major effect on every aspect of our operations, much of which is still in a transition phase. Our priority over the next five years is to increase the number of people served from 18,500 in 2012 to 30,000 in 2017 and to do so while effectively managing expenses. The control of variable costs in relation to patient volume has been the most immediate focus in the first months of operation. The management of facility related fixed costs, many of which are new to the organization, are another focus.

3. When calculating Total Medical Expense (TME) we found a wide variation in Health-status adjusted TME by provider group and that a large portion of patient Volume is clustered in the most expensive quartile(s) of providers. Please share your organization's reaction to these findings.

We do not have the data to respond to this question from an employee benefits perspective. As an urban health care provider we refer patients to the Brigham and Women's Hospital and Boston Medical Center for acute care services.

4. Please explain the main factors for any changes in annual TME that your Organization has experienced. What specific efforts has your organization made? to lower or reduce growth in TME? What has been the result of such efforts?

Not applicable

Health System Integration

5. How ready does your organization feel it is to join, affiliate with or become an





Accountable Care Organization (ACO)? Please explain.

We are in discussions with the Boston Medical Center and other BMC affiliated and licensed health centers. The discussions are in the preliminary phase.

- a. Is your organization participating in the Medicare Shared Savings ACO Project?

No

- b. If your organization doesn't feel ready to join any type of ACO, what types of supports or resources would it need to be able to join one?

Potential partners would have to understand the economics of our reimbursement as a Federally Qualified Health Center. The FQHC rate applies to reimbursement for services for 80 to 85 % of our patients. Any rate below this floor would create a financial hardship for our organization.

6. Does your organization have any direct experience with alternative payment Methods (bundled payments, global payments, etc.) What have been the effects? In terms of health care cost, service quality, patient outcomes and your organization's performance?

To some extent, the Health Center has seen many of these alternatives especially in the area of some specific services such as pre-natal care, but it is important to remember that the entire FQHC methodology with a current guaranteed floor of \$126.98 per visit is a form of a global which has allowed us to deliver high quality low cost health care for nearly two decades and build a new facility as well.

7. Please comment on how your organization is developing formal arrangements or affiliations with other health care providers to provide care under global contracts or other alternative payment methods.

We are in discussions with the Boston Medical Center and all of their licensed health centers and affiliated health centers. The discussions are preliminary. We are also assessing the impact of global payment on our model of care. As mentioned above, we have hired several lay workers that have helped to ensure we have





patient and provider satisfaction and a rate reflecting this additional high quality and low cost care would be important for us.

8. What have been the effects of the recent proliferation of limited or tiered network plans on your organization, with regard to how you evaluate performance internally and patient access to care?

The health center has been some tiering, resulting in lower reimbursement in the 14 to 20% of its private payers but, at present, the effect is minimal.

9. Given the proliferation of risk contracting, to what extent is your organization Participating in global contracts that include “atypical” healthcare providers (e.g., behavioral health, oral health, home health care, etc.)? If your organization participates in a risk contract, how are supporting services, such as behavioral health and home health care, addressed?

The Health Center provides services in the area of behavioral health, oral health and vision care and is familiar in dealing with carve out payers for these services but all this still transpires for the overwhelming percentage of our patients under the FQHC umbrella.

Health Care Quality

10. Are there specific areas of care for which you believe there are critical gaps in quality measurement?

Since the implementation of our Electronic Medical Records in 2003, we have been measuring clinical and program outcomes and effectiveness. We publish these reports internally and externally and are able to identify areas of improvement and of excellence. Our EMR supports our care coordination for patients, tracks performance measures and health outcomes, tracks Emergency Room utilization and hospital admissions.

11. Please provide any additional comments or observations you believe will help to Inform our hearing and final recommendations.





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FREDERICA M. WILLIAMS
President and CEO

If you have any questions or need further clarification, please do not hesitate to contact me directly at 617 989 3221.

Sincerely,

Frederica M. Williams



The mission of Whittier Street Health Center is to provide high quality, reliable and accessible primary health care and support services for diverse populations to promote wellness and eliminate health and social disparities.